

Tohono O'odham Nation, Tohono O'odham Community College—State of Arizona Funding Compact

Annual Financial Schedule
and Report on Compliance

Year Ended June 30, 2023

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent accountants' report

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Verlon M. Jose, Chairman, Tohono O'odham Nation

Dr. Stephen Schoonmaker, President, Tohono O'odham Community College

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balance of the Tohono O'odham Nation, Tohono O'odham Community College—State of Arizona Funding Compact, for the year ended June 30, 2023, and the related notes to the schedule. Tohono O'odham Community College's management is responsible for presenting this schedule based on the criteria described in Note 2. Our responsibility is to express an opinion on this schedule based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedule is based on the criteria described in Note 2 in all material respects. An examination involves performing procedures to obtain evidence about the schedule. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the schedule, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the schedule referred to above is presented based on the criteria described in Note 2 in all material respects.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 23, 2025

Tohono O’odham Nation, Tohono O’odham Community College
State of Arizona Funding Compact
Schedule of revenues, expenditures, and changes in fund balance
Year ended June 30, 2023

Revenues:

Intergovernmental (Note 2)	\$448,535
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Expenditures:

Maintenance, renewal, and capital expenditures (Note 2)	<u>336,250</u>
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Revenues in excess of expenditures	112,285
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Fund balance, July 1, 2022	<u>545,622</u>
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Fund balance, June 30, 2023	<u>\$657,907</u>
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See accompanying notes to schedule.

Tohono O’odham Nation, Tohono O’odham Community College State of Arizona Funding Compact

Notes to schedule of revenues, expenditures, and changes in fund balance Year ended June 30, 2023

Note 1

Arizona Revised Statutes (A.R.S.) §42-5031.01 allows transaction privilege tax (TPT) revenues collected on the Tohono O’odham Nation to be transferred to Tohono O’odham Community College. This statute restricts the use of this revenue for the maintenance and renewal of buildings and infrastructure and capital construction of new buildings, structures, and site improvements expenditures of Tohono O’odham Community College campuses operating in the State of Arizona. This statute further requires that the State of Arizona and the Tohono O’odham Nation enter into a compact requiring Tohono O’odham Community College to account for the use of these monies. The Tohono O’odham Nation entered into the current compact in August 2017 for the period August 3, 2017 through August 2, 2037. Tohono O’odham Community College must reimburse the State of Arizona, or the State may withhold future payments, for any amounts not appropriately used for maintenance, renewal, or capital expenditures at Tohono O’odham Community College campuses.

Note 2

The schedule of revenues, expenditures, and changes in fund balance is presented based on the revenue and expenditure criteria described in A.R.S. §42-5031.01(A) and (C). Under this statute, the Arizona State Treasurer is required to transfer TPT revenues collected on the Tohono O’odham Nation to Tohono O’odham Community College monthly. In each fiscal year, no more than \$1,750,000 or one-tenth of the TPT revenues received from all sources located on the Tohono O’odham Nation, whichever is less, may be transferred. In addition, the funding compact requires the College to annually submit a work plan to the Arizona Department of Administration (ADOA) to propose its yearly building maintenance, renewal, and capital expenditures plans, and ADOA must conclude on the work plan’s financial feasibility for the College to receive up to \$1,750,000 of TPT revenues for the year. The State transferred \$448,535 in TPT to Tohono O’odham Community College for the year ended June 30, 2023. Maintenance, renewal, and capital asset expenditures totaling \$336,250 include goods and services received during the year ended June 30, 2023, regardless of when payment was made.



ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Melanie M. Chesney, Deputy Auditor General

Independent accountants' report on compliance with the Tohono O'odham Nation, Tohono O'odham Community College—State of Arizona Funding Compact

Members of the Arizona Legislature

The Honorable Katie Hobbs, Governor

Verlon M. Jose, Chairman, Tohono O'odham Nation

Dr. Stephen Schoonmaker, President, Tohono O'odham Community College

We have examined Tohono O'odham Community College's compliance as to whether during the year ended June 30, 2023, transaction privilege taxes collected on the Tohono O'odham Nation and distributed in prior years by the Arizona State Treasurer to Tohono O'odham Community College pursuant to Arizona Revised Statutes (A.R.S.) §42-5031.01 were used solely for the maintenance, renewal, and capital expenditures of Tohono O'odham Community College campuses operating in the State of Arizona as prescribed by A.R.S. §42-5031.01. Tohono O'odham Community College's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Tohono O'odham Community College's compliance with the specified requirements based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Tohono O'odham Community College complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Tohono O'odham Community College complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on Tohono O'odham Community College's compliance with the specified requirements.

The results of our examination procedures disclosed an instance of noncompliance that is described in the accompanying schedule of findings and recommendations as item 2023-01. Our opinion is not modified with respect to this matter.

In our opinion, Tohono O'odham Community College complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

September 23, 2025



SCHEDULE OF FINDINGS AND RECOMMENDATIONS

In planning and performing our examination, we considered Tohono O’odham Community College’s (College) internal controls to design procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance as to whether transaction privilege taxes collected on the Tohono O’odham Nation and distributed to the College in prior years were used solely for the maintenance, renewal, and capital expenditures of the College’s campuses. Our examination was not for the purpose of expressing an opinion on the effectiveness of the College’s internal controls. Accordingly, we do not express such an opinion.

As a result of our examination, we identified an internal control weakness and instance of noncompliance that the College’s management should correct to ensure that they fulfill their responsibility to establish and maintain adequate internal controls over compliance with the requirements specified in the State of Arizona Funding Compact. Our finding and recommendations are described below.

2023-01

The College failed to provide funding compact financial information to us by the required deadline, resulting in untimely financial information for decision makers and an increased risk of the State withholding future transaction privilege tax payments

Condition—Contrary to its funding compact with the State, the College failed to provide timely funding compact information to us. Specifically, the College’s Finance Department did not provide its fiscal year 2023 funding compact schedule of expenditures (schedule)—to be included in its Arizona Funding Compact Report—to us until June 24, 2025, or more than 1 year and 8 months after the required deadline.

Effect—The College’s Finance Department delayed the issuance of its annual Arizona Funding Compact Report for fiscal year 2023 until September 2025, 2 years late, resulting in untimely funding compact financial information to Arizona State Legislature members and others who rely on it to make important decisions about the College’s funding compact operations. Further, the College is at risk of the State withholding future transaction privilege tax payments, which could cause the College to defer or adjust its future building maintenance, renewal, and capital expenditure plans.

Cause—The College lacked written policies and procedures over the preparation and submission of its funding compact schedule, including designating an employee to prepare and submit the schedule and a separate employee to review the schedule for accuracy and establishing deadlines to ensure timely submission of the schedule to us.

Criteria—The College is required to submit an annual funding compact schedule of expenditures to the Arizona Auditor General no later than September 30 each year it receives transaction privilege tax revenues.¹ Further, developing and implementing policies and procedures for preparing the schedule is an essential part of internal control standards, such as the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, and integral to ensuring the College’s funding compact reporting and related compliance objectives are achieved.²

Recommendations to the College

1. Provide the annual funding compact schedule to us by September 30 of each year.
2. Develop and implement written policies and procedures for the preparation and submission of the annual funding compact schedule, including requirements to:
 - a. Designate an employee to prepare and submit the schedule.
 - b. Designate another employee to perform an independent review of the schedule prior to submitting it to us to ensure the schedule is accurate and agrees to the College's records.
 - c. Establish deadlines to ensure that the schedule is submitted to us by September 30 of each year.

The College's corrective action plan at the end of this report includes the views and planned corrective action of its responsible officials. We are not required to examine and have not examined these responses and planned corrective actions and therefore provide no assurances as to their accuracy.

This finding is similar to prior-year finding 2022-02 and was initially reported in fiscal year 2021.

¹ The Funding Compact between the Tohono O'odham Nation, College, and the State of Arizona, Section 4.A., states that no later than September 30 of each fiscal year that the College receives revenues pursuant to the Compact, the College shall submit a Schedule of Expenditures to the State Auditor General for audit.

² U.S. Government Accountability Office. (2014). *Standards for internal control in the federal government*. Retrieved 6/23/2025 from <https://www.gao.gov/assets/670/665712.pdf>

COLLEGE RESPONSE



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September 10, 2025

Lindsey A. Perry, CPA, CFE
Arizona Auditor General
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Phoenix, AZ 85018-7271

Dear Lindsey A. Perry,

The Tohono O'odham Community College appreciates the opportunity to provide our response to the findings and recommendations of the Tohono O'odham Nation, Tohono O'odham Community College-State of Arizona Funding Compact examination performed by the Arizona Auditor General.

Please see the College's corrective action plan on the following page.

Sincerely,

Joann Miguel, Dean of Finance
Tohono O'odham Community College



TOHONO O'ODHAM COMMUNITY COLLEGE

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Corrective Action Plan for the Year Ended June 30, 2023

Finding 2023-01 – Timeliness

Corrective Action Plan:

Tohono O'odham Community College (TOCC) will ensure that the annual funding compact schedule is provided by September 30 of each year. The Dean of Finance and Controller are designated to prepare and submit the schedule. The Sponsored Projects Office (SPO) at TOCC will perform a review of schedule prior to submission.

